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In Flag Voices I try to address hot topics--those that seem to be most on your minds. Hence, my first few addressed housing and filling the workforce. More to come on both. Especially with so much focus on recruiting, I understand many are asking, "What about retaining me? I see compensation and retirement eroding. What is the Commandant doing about it?"

A number of months ago, ADM Loy attended a Joint Chiefs of Staff meeting in the Pentagon. BGEN Pat Adams, the personnel guy on the Joint Chiefs (J-1) staff, gave a compelling brief to the service chiefs on the state of compensation and retirement. ADM Loy, along with all the services' senior leaders, was particularly taken by BGEN Adams' presentation--so much so he had him brief all flags and SESs at CG Headquarters. Adams' brief focused on the two core issues critical to the armed forces' long-term readiness--compensation and retirement--because of their potential effects on retention and recruitment. He made the point if we don't get compensation and retirement "right," everything else won't much matter. He graphically depicted the ever-widening gap between military and private-sector pay since the early 1980's, when large pay increases had resulted in comparability. Since then, annual military pay raises have been based on the Employment Cost Index (ECI) minus one-half a percent and, as a result, the comparable pay gap has widened to about 13.5%. Compounding this problem is the latest change to the retirement system, occurring in 1986. Those entering the service before 1980 are eligible to retire in 20 years at 50% of basic pay calculated on their final (last) year of earnings. After 1980, the calculation is based on the average of the highest three years (called the "high three" plan). The Military Retirement Reform Act of 1986 (MRRA, better known as REDUX), substitutes 40% for the 50% in the "high three" plan. With compensation doing well back then and 20 years a long ways off, this change occurred without an appreciation for the future implications.

We all know we're not doing our jobs in this great organization to get rich, but rather to serve a higher purpose--the missions of the United States Coast Guard, where we "save people from the sea and save the sea from people." However, we do expect and have a right to adequate compensation to take care of our families and a favorable retirement system to offset the all too-frequent hardships a military career entails: sudden, frequent moves, deployments, separations, and arduous duties. People decide to leave the Service for a host of reasons--usually more than just one, and certainly most people don't leave only because they don't like either the compensation or retirement plan. However, these are critical parts of the retention "equation," that with other reasons will cause people to leave. Recently all the services are seeing both inadequate compensation and retirement benefits much more often mentioned as one of the more important reasons for leaving.

This trend must be reversed if the Coast Guard is to remain Semper Paratus into the 21st Century, and no one recognizes that more clearly than ADM Loy. Last month ADM Loy, along with his service chief counterparts, had an opportunity to brief the President in person on this issue. With undoubtedly the

most aggressive Congressional visit schedule ever as we neared action on the FY99 budget, the Commandant has seized on a multitude of opportunities to bring these issues to the attention of Congress, the Department of Transportation, and Office of Management and Budget (OMB). Headquarters' Resource Director and Human Resource staffs have done likewise at the Congressional, Department, and OMB staff levels. You probably have recently read in the newspapers about the DoD chiefs' testimony on these issues at Senate Armed Services Committee hearings. Calendar year 1999's 3.6% raise for once since 1982 does not subtract the ECI one-half percent; the proposed CY2000 pay raise at 4.4% will be greater than the ECI, beginning to reverse the negative trend. Currently, the other services' personnel chiefs, DoD, the Joint Chiefs staff, and I are discussing how would we recommend reversing the compensation deficit and REDUX.

These issues now have the attention of our government's highest leadership. Sen. Lott, Senate majority leader, is calling for hearings on options to close the "pay gap" with private-sector pay, return to one retirement system, offer a tax-deferred savings plan, and perhaps allow military retirees to participate in the Federal employees health program at age 65. Bills to repeal REDUX already have been introduced in both the House and Senate and are gaining bipartisan support. A number of military support organizations, such as the Fleet Reserve Association, are lending their considerable clout. While I can't predict what may happen in the short term, I foresee continued improvements for both compensation and retirement benefits in the future. Rest assured these are high up and will remain high on the Commandant's personal agenda.

Regards, FL Ames

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